New national foodgrain storage policy

*76. SHRI NAGENDRA NATH OJHA:
SHRI V. V. RAGHAVAN:

Will the Minister of CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether it is a fact that a new national foodgrain policy has been approved by Government; and

(b) if so, the salient features thereof?

THE MINISTER OF CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (SHRI SHANTA KUMAR): (a) Yes Sir, Government has announced a National Policy on handling, storage, and transportation of foodgrains. A copy of the resolution on the policy is given in the annexed Statement. (*See* below)

(b) The salient features of the policy are:

(I)(i) Creation of integrated bulk handling facilities with silos of large capacity for wheat along with testing facilities for quality control at about 20 identified central locations in producing, consuming and a few port towns for storage of foodgrains procured by the FCI.

(ii) These facilities including the facilities for bulk transportation to these centres through specially designed top-filling-bottom-discharge wagons to be created and maintained in private sector under the over all coordination of the FCI.

(iii) FCI to guarantee utilisation of these facilities to the extent of 100% for the first ten years and 75% for the next ten years.

(iv) From these points, secondary transportation of foodgrains to be made in bag form to about 500 large godowns in important central locations in different States to be owned and maintained by the FCI.

(v) Further transportation to the consuming centres for retail distribution by State Governments to be carried out by the State

Governments.

(II) The policy provides for various fiscal incentives for participation of private sector in creation of bulk handling infrastructure. These include:

(i) Schemes such as Build-Own-Operate-Transfer (BOOT), Build-Own Lease-Transfer (BOLT), Build-Own-Operate (BOO), Lease-Develop-Operate (LDO), Joint Ventures etc.

(ii) Generation of funds through public issues by private enterprises.

(iii) Automatic approval for Foreign Direct Investment (FDI) upto 100%.

(iv) Loans from financial institutions, NABARD, external commercial borrowings.

(v) 100% deductions in profit for the purpose of Income Tax for first 5 years and 30% for the next five years.

(vi) Customs duty exemption on imported machinery not manufactured in India, on a case to case basis.

(III) The private sector will also be encouraged to build storage capacities in which they will store and maintain foodgrains procured by the Government agencies, for which they will be entitled to storage charges.

(IV) In order to reduce post harvest losses at farm level, the policy provides for:

(i) Introduction of a scheme to encourage use of metal bins as well as non metallic storage structures at individual farm level and construction of RCC bins at community level with appropriate financial incentives.

(ii) Strengthening of the existing training and research components of the Save Grain Campaign Scheme for scientific storage and preservation of foodgrains and their propagation among farmers.

Statement

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SECTION-I
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Government of India
Ministry of Consumer Affairs & Public Distribution
Department of Public Distribution
Krishi Bhavan, New Delhi
Dated: July 4, 2000

RESOLUTION

In order to reduce storage and transit losses of foodgrains at farm and commercial level, to modernise the system of handling, storage and transportation of the foodgrains procured by the Food Corporation of India (FCI) and to bring in additionality of resources through private sector involvement, the Government has approved a National Policy on Handling. Storage and Transportation of Foodgrains, details of which are given below:—

1. *Objectives of the Policy*

The main objectives of the policy are:

i. to reduce storage and transit losses at farm level where about 70% of the total foodgrain production is retained and consumed and also to encourage the farmers to adopt scientific storage methods.

ii. to modernise the system of handling, storage and transporation of the foodgrains procured by the Food Corporation of India (FCI).

iii. to harness efforts and resources of public and private sectors, both domestic and foreign, to build and operate infrastructure for introduction of bulk handling, storage and transportation of foodgrains in the country.

2. *Policy for house-hold storage*

2.1 Since the house-hold sector retains about 70% of the total production and substantial quantities of foodgrains are wasted due to

improper storage at farm level, the major focus is on the improvement of storage standards at farm level. Presently, the only scheme targeting this need is the Save Grain Campaign, which popularises the use of metallic and non-metallic storage structures and educates the farmers about the adoption of scientific storage methods. The scheme also aims at development/improvement of non-metallic traditional storage structures.

2.2 In order to have a greater success in this area, following initiatives have been approved:—

(i) introduction of a scheme to encourage use of metal bins as well as non-metallic storage structures at individual farm level and construction of RCC bins at community level with appropriate financial incentives.

(ii) strengthening of the existing research and training components of the Save Grain Campaign Scheme for scientific storage and preservation of foodgrains and their propagation among farmers.

3. *Modernisation and Upgradation of Bulk Grain Handling Infrastructure*

3.1 In order to reduce storage losses, it is necessary to develop and modernise the infrastructure for integrated bulk handling storage and transportation in India. The thrust of the policy should be:—

(i) encouragement of mechanical harvesting, cleaning and drying at farm and mandi level.

(ii) transportation of grains from farm to silos by specially designed trucks.

(iii) construction of a chain of silos at procurement as well as distribution points.

(iv) transportation of grain from silos to railhead and thereafter to pre-determined destinations by specially designed trucks/rail wagons (with top filling and bottom discharge mechanism) dedicated trains.

(v) declaration of foodgrains storage as infrastructure.

3.2 For storage of foodgrains procured by the FCI, integrated bulk handling facilities with silos of large capacity for wheat along with testing facilities for quality control would be created at about 20 identified central locations in producing and consuming areas as well as a few port towns. These facilities, including the infrastructure for bulk transportation to these centres, will be created and maintained in the private sector under the overall co-ordination of the FCI. The design of special top filling and bottom discharge wagons would be decided in consultation with the Ministry of Railways. The Ministry of Railways will also be consulted while deciding the locations and the circuits where these wagons would ply. FCI will guarantee utilisation of these facilities to the extent of 100% for the first ten years and 75% for the next ten years. From these points, secondary transportation of foodgrains would be made in bag form to about 500 godowns in important central locations in different States to be owned and maintained by the FCI. Further transportation to the consuming centers for retail distributiuon under the Public Distribution System will be carried out by the State Governments.

3.3 The private sector will be encouraged to build storage capacities in which they will store and maintain foodgrains procured by the Government agencies, for which they will be entitled to storage charges.

3.4 The private sector participation should be sought and encouraged for development of infrastructure for the integrated bulk handling, storage and transportation through—

(i) measures such as Build-Own-Operate-Transfer (BOOT), Build-Own-Lease-Transfer (BOLT), Build-Own-Operate (BOO), Lease-Develop-Operate (LDO), Joint Ventures etc.

(ii) generation of funds through public issues by private enterprises

(iii) automatic approval for Foreign Direct Investment (FDI) upto 100%

(iv) loans from financial institutions, NABARD, external commercial borrowings

(v) fiscal incentives as given below:

(a) 100% deduction in profit for the purpose of Income Tax for the first five years and 30% deduction in profit for the next five years.

(b) deduction of 40% of the profit derived by financial institutions financing such projects, as provided to financial corporations engaged, inter-alia, in providing long term finance for agricultural development.

(c) customs duty exemption for items not manufactured in India, on a case-to-case basis, subject to a list of such equipment being submitted in advance.

4. *Development of Infrastructure Facilities at Ports*

India has been traditionally the importer of foodgrains and, therefore, the infrasturcture facilities available at the ports are basically meant for unloading operations and not for exports. For unloading operations, ship gears are normally used. Even the latest machanised facilities at Jawaharlal Nehru Port, Navi Mumbai have been designed for import purposes only. There is also lack of general cargo berths at the major ports and very limited warehousing facilities are available for the storage of foodgrains at ports. For creating the proper port facilities for foodgrains meant for export in due course, the infrastructure facilities would have to be developed for which following actions are required:

(i) indentification of ports to be developed for purposes of export of foodgrains. The distribution of foodgrains traffic may spread over to the non-traditional ports which have spare capacity like New Mangalore and Cochin ports;

(ii) development of more general cargo berths at the ports through ports' own investment/private participation;

(iii) water front/berths can be leased to the users who may be encouraged to put up their own facilities; and

(iv) development of dedicated modern foodgrains handling facilities at selected ports.

5. *Role of the Central Government*

The Central Government would:

(a) facilitate speedy clearance of projects concerning development of infrastructure for bulk handling, transportation and storage of foodgrains by setting up an Approval Board competent to take final decision;

(b) enter into bilateral agreements with other countries/international agencies for providing technical/financial assistance;

(c) take necessary legislative/administrative measures for removing impediments with regard to stock control orders/movement control orders framed by various State Governments;

(d) utilize the services of an existing independent regulatory mechanism for fixing/regulating tariff for various operations, such as cleaning, drying, storage; transportation, etc.;

(e) make available facilities of the Railways for bulk transportation;

(f) promote negotiable Warehouse Receipt System by which farmers could hold their grains back from market and meet their working capital/short term requirement by borrowing from Banks against these receipts; and

(g) promote research for development of alternate storage technologies like Vacuum Process Storage (VPS) technology which would ensure longer shelf life of foodgrains and help export of foodgrains in vacuum packs.

6. *Role of State Government*

The State Government would help in:

(a) acquisition of land required for various projects as for public purpose; and

(b) making available other facilities such as water, power, road, etc.

Sd/-
(B. K. BAL)
JOINT SECRETARY TO THE GOVT. OF INDIA

ORDERED that a copy of the resolution be communicated to all the Ministries/Departments of the Government of India, Planning Commission, Chief Secretaries of the State Governments and UT Administrations, Chairmen and Managing Directors of the Food Corporation of India and the Central Warehousing Corporation.

ORDERED also that the resolution be published in the Gazette of India for general information.

Sd/-
(B. K. BAL)
JOINT SECRETARY TO THE GOVT. OF INDIA

To,
The Manager,
Government Printing Press,
Faridabad.

SAARC Vision for the year 2000

*77. SHRI V. P. DURAISAMY:
SHRI C. P. THIRUNAVUKKARASU:

Will the Minister of EXTERNAL AFFAIRS be pleased to state:

(a) what is the SAARC Vision for the year 2000;

(b) whether it is a fact that SAARC Organisation is not proactive and lying dormant; and

(c) what steps Government would take to activate the SAARC Organisation?